

Budget missing money to study reservoirs

By Michael Gardner - E-R Sacramento Bureau

SACRAMENTO - George Dunn, Gov. Pete Wilson's chief of staff, has consistently promised farmers that his boss would "wear a sweater" to a state budget signing ceremony rather than cave in early and approve a compromise spending plan that does not set aside funds to study more reservoirs.

But on this 106-degree day in the Capitol Wednesday, Wilson stood in front of the media to announce a new tentative budget deal that is missing the once-promised \$67 million, including funds to kick-start Sites Reservoir west of Colusa.

As a result, a \$1 billion water and flood protection bond faces an uncertain future, the divisiveness could damage working relations within CalFed, and bond negotiators wonder why Wilson appears to have abandoned them, according to those close to the issue.

Wilson had pledged to secure money to study water storage in the budget to end-run environmental opposition to spending bond revenues on preliminary reservoir work, which ranges from engineering studies to environmental reviews to land acquisitions.

But he ran into a road block in Senate President John Burton, D-San Francisco, a lead budget negotiator. Burton is adamantly opposed to storage spending - a position many view is meant to appease environmentalists wary about his dealings on the Headwaters redwood forest protection plan.

"I think it's an imprudent expenditure of money at this time. I don't think we want to get into a discussion of differences the governor and I have," was all Burton would say.

Wilson, when asked by the Enterprise-Record what happened to the plan, responded: "It hit a rock and the subject is not closed. It seems to me something we will be dealing with (later)."

But what Wilson did not reveal was Dunn, his own chief of staff, as early as last Friday night called numerous farm and urban interests negotiating the water bond to tell them the deal was off, according to several of those contacted.

That set off a literal fire alarm, forcing the cancellation of a joint legislative hearing on the issue set for Tuesday and culminating with a desperation meeting Wednesday afternoon of various stakeholders

Water interests had known for months that Burton opposed setting aside money

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to study storage in the budget, but they were counting on Wilson to hold firm.

Dunn, through his description of Wilson wearing a sweater at the signing ceremony, implied the governor would hold out as long as it took to win Burton's approval.

Sen. Jim Costa, D-Fresno, and a co-author on the bond measure, said "we looked to Wilson to support it" since it was "no surprise" Burton didn't like spending money on storage projects.

Costa was not convinced Wilson would try to work out a deal later, saying he was told Burton had won the battle.

The message from Wilson's staff, Costa said, was "the governor is not interested in pushing it any longer."

That is a surprise, say those involved, because Wilson had unveiled his own water bond and seemed genuinely committed to getting it on the ballot.

Water officials are not giving up, however. Sen. Mike Thompson, D-St. Helena, has offered to work with the joint budget conference committee on a proposal to set aside \$8 million elsewhere.

"Sites (Reservoir) is too important," Thompson said in explaining why he's stepping in.

That \$8 million would get the studies going the first year; Wilson's \$67 million was to be spread out over several years.

Randele Kanouse, who represents the East Bay Municipal Utility District, believes seeking the smaller compromise amount is the best way to go.

He pointed out that Wilson, in his revised spending plan in May, called for allocating \$10 million for storage.

"I think we still have opportunities," he said.

Forcing storage money into the bond spells certain disaster, added Kanouse, pointing out all of the opposition to using that vehicle for storage projects.

Steve Hall, executive director of the California Urban Water Agencies, noted Republicans, particularly, will not support a bond that does not include storage study money unless it's guaranteed elsewhere.

Without that assurance, "it won't muster the two-thirds vote," Hall said.

The latest developments concern Lester Snow, executive director of CalFed, the joint state-federal agency charged with resolving water wars and restoring the Sacramento Delta in a consensus package. Part of its task is to look at storage.

"The budget and bond discussions have created a lot of turmoil in the water community," said Snow, worried about the impact it could have on maintaining good relations among the various factions working within the compromise CalFed process.

"That is actually the greatest risk," Snow said.

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